

American Observer

A free, virtuous, and enlightened people must know well the great principles and causes on which their happiness depends.
—James Monroe

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Revival of Building Industry Is Sought

Congressional Committee Investigates the Causes of Continued Stagnation

NEED LOWER-PRICED HOUSES

Action to Curb Monopolistic Practices and to Reduce Financing Costs Forecast

Housing standards in the United States are gradually declining; we are not building enough new houses and apartments each year to keep abreast of the number we need to remain even as well housed as we are today. At least 4,000,000 houses and other dwelling units in this country—about one-sixth of our total housing facilities—are unfit for habitation; slightly less than half of the houses now standing were erected 50 or more years ago.

These are some of the facts which were brought to light in Washington a few days ago when the Temporary National Economic Committee opened a 10-day investigation of the building industry. The TNEC, better known simply as the monopoly committee, was appointed by Congress last year. In recent months it has been surveying the nation's business structure in an effort to learn, if possible, what has been keeping certain vital industries from returning to former levels of prosperity.

Building Industry

The construction or building industry ranks high among those which have been lagging. Its failure to recover from depression has been one of the principal causes of continuing unemployment and hard times in the United States. For the construction industry (this is the industry which builds private residences, apartments, office buildings, highways, and streets, and which creates a market for lumber, cement, plumbing, and countless other supplies) is the largest consumer of products in the United States. When it flourishes there is plenty of activity in lumber and steel mills, in brickyards, gravel pits, and quarries; there is work for carpenters, masons, plasterers, glaziers, electricians, plumbers, and workers in many other lines of industry.

But when the construction industry slows down, or comes almost to a halt as it did in 1933, idleness overtakes the ranks of the many thousands of people to whom it normally gives employment. And this is what has been happening and is still happening. To find out why is one of the tasks which the investigating committee has set for itself.

Economists, statisticians, and housing experts were summoned to Washington to help the committee pick the construction industry to pieces. On the first day, Dr. Isador Lubin, commissioner of labor statistics in the Department of Labor, a man who ranks highly both as economist and statistician, gave a picture of the industry and the extent to which it has declined.

In the late twenties, Dr. Lubin pointed out, the construction industry as a whole gave direct employment to an average of 1,800,000 workers a year, and reached its peak in August 1928, when it provided employment for 2,400,000 people. By 1933 this figure had dropped off to a mere 656,000, and the average annual employment since 1930 has been about 1,100,000.

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THE BUILDING INDUSTRY—CAN IT BE REVIVED?

JOHNS-MANVILLE

The Mark of Mediocrity

By WALTER E. MYER

A criticism frequently made of the American people is that they are victims of standardization—that they think standard thoughts, speak standard language, and take part in standard social functions. It is said that because of high-pressure advertising, of the influence of the radio, of the inherent tendency to follow fads of one kind or another, individuality of thought or action is becoming more and more rare. Millions upon millions of people will overnight start playing some new game, eating some new food, discussing some new theory, carrying their pocketbooks over their shoulders, or following some other new fad.

Even the harshest of critics will admit that this so-called standardization is not without value. It is not to be regretted, for example, that millions of our people can hear the greatest symphonies of the world executed by the most brilliant orchestras through the medium of the radio. Nor is it a step away from national progress when the masses, in the most remote sections of the country, can see outstanding movie productions and hear entertaining and educational radio programs. National advertising, too, has brought to the American people many benefits. When the medium of advertising has been used to push the sales of worthwhile wares, it has enabled people to take advantage of our mass-production technique.

But few well-informed persons will deny that there is serious danger in certain aspects of this standardization or regimentation process. In our quest for popularity, we are likely to submerge our individual characters and follow the herd. We all want to be smart and sophisticated. We are told by our national advertisers that it is the smart and sophisticated thing to smoke cigarettes or to drink cocktails or to do any number of things. Consequently, we try to model our own conduct along the lines of the smart people, imaginary or genuine, whose pictures we see in advertisements and about whom we read from time to time. We take up bridge because it's the thing to do. We pick up a new expression and add it to our vocabulary because that's the latest fad in speech. In any number of ways, we fit our own thought and action into the pattern which has been designed by others.

Now if we could really see ourselves objectively when we become so standardized, we would soon come to the conclusion that we are not being smart or sophisticated at all. We are merely showing our complete lack of initiative and imagination. There is nothing distinctive about us; nothing to make us stand out from the crowd.

This is in no way an argument in favor of the person who shapes his conduct in such a way as to defy every convention merely to call attention to himself just because he thinks it is smart to do so; that type of person, in my opinion, is far more offensive than the one who follows meekly in line. But without going to this extreme, we should show that we are individuals, not automatons, swayed by every passing fad and fashion. There is no merit in displaying at all times the mark of mediocrity.

Crisis Over Danzig Likely This Summer

Europe Is Tense as Germany and Poland Stand Firm in Dispute Over Free City's Status

BUT WAR MAY BE AVOIDED

Possibility That Both Axis Powers and Allies Are Bluffing Still Remains a Consideration

The tension raised in Europe by the German-Polish dispute over the Free City of Danzig is now approaching the stages of an international crisis. Germany has announced her intention of annexing Danzig "this summer." Poland has countered with the grim warning that she will resist such a move by war if necessary. Since both powers have taken such firm stands, it is obvious that one must give way to the other, both must back down and reach a compromise, or both must resort to force.

To some people it seems odd that a crisis should arise from a dispute over such a small and apparently unimportant place as Danzig. To look at this ancient, Gothic city, with its cobbled streets, old houses, steep overhanging gables and medieval chimney pots, one would hardly associate it with modern power politics. Its very appearance brands Danzig as a city of the past. Founded in medieval times, it was ruled by the Teutonic Knights, and once served as a Baltic port of the Hanseatic League. Within the space of a thousand years six flags have flown from its towers and battlements. From 1814 to 1919 it was ruled by Germans. During the last 20 years it has existed as a "free city" protected and supervised by the waning League of Nations through a high commissioner.

More Than a City

Danzig is really more than a city. Covering an area of 743 square miles, it is more than half the size of Rhode Island, and contains some 16,000 farms (see map on page 5). The reasons which prompted the Paris Peace Conference to assign it the status of a free city, are those which now underlie the tension between Germany and Poland. Both nations have rightful claims on Danzig, and both are pressing them, although the Poles seem to be acting in self-defense in an effort to keep Germany out.

On one hand, the overwhelming majority of Danzig's 400,000 people are Germans in language, traditions, and in political affiliations. The Free City is ruled by a Nazi party local unit, which pays little heed to the League commissioner. On the other hand, the region is of vital economic importance to Poland.

Although the Peace Conference granted Poland a 50-mile wide corridor through Prussia to the sea, and although Poland has made great use of this corridor and built up the bustling modern port of Gdynia where only a fishing hamlet existed before, neither the corridor nor the new port has been adequate to meet her needs. In Europe railway freight rates are so uniformly high as to discourage the shipments of anything but high-class merchandise. Machinery, for instance, will travel by rail, but bulk commodities can be shipped profitably only through Europe's intricate but serviceable systems of interlocking canals, rivers, and lakes.

This is particularly true in the case of
(Concluded on page 3)

How Various European Nations Tackle Their Housing Problems

THE United States has lagged far behind European nations in the construction of homes during the past 10 years. According to a survey made by WPA research workers, the rate of housing construction in Sweden and Denmark, for example, was more than three and one-half times that of the United States. (In those countries, houses for 350 out of every 1,000 families had been built during the decade, while only 94 homes for every 1,000 families had been erected here.) Even Germany—which rates lower than any country in Europe in housing construction—has built about 33 per cent more homes than this country. In May, it was announced that four million new homes had been constructed in England and Wales since the World War, while Holland has rehoused about one-fifth of her population.

This superiority in building abroad cannot be explained entirely by saying that housing conditions in the United States are vastly better than those in Europe, or that all American people are now well accommodated. Rather, much of it may be attributed to the fact that for many years the European countries have been utilizing a policy which this country has just recently adopted—the use of government funds to stimulate construction of low-cost homes.

That practice developed after the World War for several reasons. Foremost, of course, was the acute shortage of housing



PHOTO FEININGER
A HOUSING PROJECT IN SWEDEN

facilities resulting from the effects of the war, coupled with a previous lag in construction. Secondly, many of the countries had in power governments which were sympathetic with the demands of the working classes. These governments went into the slum-clearance and housing fields, and it was through government assistance that much of the increase was obtained.

Government assistance in Europe may take any of several forms. In some countries, notably Russia, the government has taken over the entire building program. In Germany, the control of the Reich is almost as complete. England stimulates home construction principally through subsidies to cities and private builders. In France, the government lends funds at a low rate of interest or gives direct grants to needy families. Cities carry the brunt

of the load in Holland—long a leader in European housing—although some state funds are granted. In Denmark and Sweden, the work of the famed cooperative societies and private enterprise is closely correlated with state credit facilities. In addition, virtually every country has established a national agency for providing building information and technical advice.

The work in England may well serve as an illustration of housing projects in Europe. There the government has stimulated construction during the postwar period through subsidies to local authorities, building societies, and private builders. Loans are furnished at low rates of interest. In some cases, land utilized for slum clearance or new houses is made tax free. Laws restricting the amount of rent that can be collected are in force. In other instances, the government has acted directly, as in slum clearance where it expects to spend about 3,850,000 pounds (about \$1,795,500,000) this year. However, of the 4,000,000 dwelling houses constructed in England and Wales, about 1,000,000 have been erected by local authorities and 500,000 by the aid of direct grants to individuals. These have generally taken the form of two-storied houses rather than the multiple-unit apartment houses popular in the Scandinavian countries, and with their erection it has forced cities to expand as more people live in suburbs. The cost of these houses has also aroused discussion, as one that would sell for between \$5,000 and \$6,000 in the United States sells for about \$3,000 in England. Some persons have contended that this indicates the cost of construction in the United States is too high, while others maintain that the difference in price is more than explained by the superior construction and added conveniences in the American homes, and because of the difference in wage scales between the two countries.

Recently, due primarily to war scares and the use of money for rearmament, there has been a decided decrease in the housing program in England as well as other European countries, while the United States has been boosting construction through the United States Housing Authority and other means. If the trend continues, some persons predict that this country may surpass the European countries in the rate of building. In 1938, for the first time since 1931, the number of new nonfarm houses built in this country was equal to those built in England, while this year it is expected to be larger.



ANYTOWN
This small town is typical of thousands of communities in the United States.

Business in Average U. S. Town Closely Analyzed in New Book

THERE have been scores of books published in recent years on the national economic scene. Most of these books generalize on conditions in the country as a whole and do not attempt to particularize on individual communities. Now a volume has been published, however, which does just the opposite. It describes the chief industries in a large number of towns and cities widely distributed throughout the country. It shows how the people in these communities depend upon their industries. It pictures in concrete and vivid terms what happens to workers and their families when an industry moves out of a locality, or when it closes down because the product it manufactures is no longer in demand, or when labor-saving machinery is substituted for human hands.

The book to which we refer is "Our Town's Business," by Omar and Ryllis Goslin (New York: Funk & Wagnalls, \$3.50). The authors have gathered a wealth of concrete information on the workings of local business enterprises. They have analyzed cities on the west coast and the east coast, in the North and in the South, as well as towns and cities in the interior. Manufacturing and trade centers, mining towns, farm communities, and college towns have been literally taken apart by the authors in order to see what makes the "wheels go round" and to see

what interferes with the business machinery when it does not function smoothly.

It is not until after the Goslins have given a factual picture of local conditions in all parts of the country that they begin to generalize. They conclude in this vein:

"We have walked all around the problem of our town's business. We analyzed its changing pattern—the new owners, the widening sphere of dependence, the income it produces, the new kinds of workers it employs, the increasing role of government. And the impression gained from all these pictures can be summed up in one word—insecurity.

"Insecurity is reflected in the loss of our self-sufficiency, the uncertainty of employment, the lack of new opportunity, the low incomes people receive, closed factories, crops plowed under, stores for rent, the families on relief. No matter how prosperous our town may appear on the surface, the problem is there. All around us on Main Street, on the east side, in the north end, even in our fashionable suburbs, we find individuals and families facing this problem of insecurity: investments which no longer guarantee an income, a business that cannot show a profit, a job which may end this month, savings wiped out, old men facing a blind alley, young people without work to do.

"Your town is like every other town. There is no building boom in the city 50 miles away, no gold rush to the West, no fertile fields to be opened by the pioneer, no help-wanted sign on factory gates, no new professions offering careers for youth. We have all had a taste of insecurity: teachers dismissed for the sake of economy; the corner grocer across from the new chain stores; the WPA worker expecting appropriations to be cut; the steel worker, the tire builder, the glassblower, the trolley car conductor, whose jobs are now done by machines; farmers and manufacturers who have lost their markets. And without security there is no freedom."

The Goslins believe that private individualism as we have known it in the past must give way to various forms of cooperative action; they believe that there must be scientific planning on a national scale, that our economic machinery is now so complex that only the nation's best engineering minds can work out plans to make it run smoothly. The government and private industry, they say, must cooperate in putting into effect the ideas of a national planning committee composed of engineers. Whatever is done, they conclude, must be democratic in character, giving the people the final decision at the ballot box.

Many readers of this book will differ widely with the opinions expressed therein, but the chief value of the book is not the opinions but rather the wealth of information about local business enterprise. An added feature is the excellent charts which appear throughout the volume.

With the Magazines

"You Can Make Your Government Save," by William Hard. *Forum*, July 1939, pp. 3-7.

Nearly everyone makes the mistake of demanding government economy while at the same time requesting federal money for his



own community, says Mr. Hard. A Republican himself, he blames members of both parties for this illogical attitude. He also argues against the spending program.

"Deaf, But Not Dumb," by Earnest Elmo Calkins. *The Atlantic*, July 1939, pp. 48-55.

Mr. Calkins is totally deaf. In this article he speaks for the seven million Americans who cannot hear. He tells what one can do to assist a deaf person, and concludes with a list of famous people who are hard of hearing.

"America's Gunpowder Women," by Pearl S. Buck. *Harpers*, July 1939, pp. 126-135.

Mrs. Buck, winner of the Nobel prize for literature, acknowledges the blessings which American women enjoy. But she fears that too much privilege has sapped their will to go ahead and make use of their advantages. The vast majority of them, she says, are "gunpowder" women, because they are so rest-

less, irritable, and unpredictable—the result of their having had too easy a time. In concluding, she suggests some ways they can overcome discontent.

"Marching Through the Mulberries," by Nora Waln. *Saturday Evening Post*, July 1, 1939, pp. 5-7.

How do the German youth behave under Hitler? According to Miss Waln, who lived there during four critical years, they display outward obedience. Beneath this exterior they are puzzled, unsure, and often rebellious. Illustrating her observations with individual cases, she writes that the youth are by no means a servile, unthinking band of Nazi followers.

"British News Controls," by Sir Arthur Willert. *Foreign Affairs*, July 1939, pp. 712-722.

Amid the charges of British government censorship, Sir Arthur comes out to say he believes the fault lies with inept press relations on the part of high officials. Describing the



various acts which these leaders might invoke against newspapers and broadcasters, he adds that by more efficient press conferences Chamberlain and his colleagues would avert the current accusations of censorship.

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Crisis Over Danzig Likely This Summer

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Poland. Largely an agricultural country, most of its exports consist of such bulk commodities as lumber, wheat, barley, potatoes, rye, and so forth. In moving these to points for transshipment, Poland is favored by two large rivers which run north through the land to empty into the shallow Baltic Sea—the Niemen and the Vistula.

When Germany intimidated Lithuania into giving up Memel, early this year, the mouth of the Niemen passed into German hands. Unable to resist at the time, the Poles accepted this as an accomplished fact. But the Vistula is another matter. Flowing from the hilly industrial area in the southwest, the Vistula drains the great central plain of Poland, flows north through Warsaw and proceeds onward to the sea in a broad flood, finally emptying into the Baltic at Danzig.

Two Weapons

If Germany should annex Danzig, she would control the mouth of the Vistula, down which Polish lumbermen, peasants, and small businessmen have been floating their produce for centuries. Controlling the mouths of Poland's two rivers, Germany would be in a position to bring very heavy economic pressure to bear against the Poles. The Polish government openly fears that if it permitted Hitler to annex Danzig, even by a peaceful agreement under which Germany would guarantee to continue the special economic rights which the Poles now enjoy, step by step he would then destroy Poland as an independent nation. First he might demand a German corridor through the Polish corridor. Having achieved that, he would be in a position to force the Poles out of their own corridor. Therefore the Poles are in no mood to sit idly by and watch Hitler prepare to take Danzig. Expression to their feelings was



LORD HALIFAX GETS HIS MESSAGE ACROSS

MIDDLETON IN BIRMINGHAM (ENG.) GAZETTE

That this coup was planned originally to occur months ago seems certain. For some reason, possibly because of the stiffening of England and France, it was postponed.

The idea of an open invasion and annexation of the city by the German army seems to have been abandoned in favor of something more subtle. For weeks—even months—Nazi storm troopers and black-shirted elite guards have been filtering into Danzig disguised as tourists, according to reports from French, Polish, and British sources. At the same time, Danzig Nazis have taken over big barracks and warehouses, storing quantities of food and rifles, machine guns, grenades, light artillery, and munitions landed secretly from ships. Secretive at first, these activities have become more and more open until it is now obvious to nearly all observers in the region that large-scale preparations are going on for a conflict of some sort. If these were not enough in themselves, trenches have been dug and fortifications erected in violation of the League provisions.

Back in Germany these activities have been given added force by war measures. Nearly 2,000,000 men are held in a state of what seems to be semipermanent mobilization, and 600,000 more have recently been called to the colors. Recent speeches by high Nazi leaders have been disquieting. Remarking that he who does not gamble does not win, Nazi Propaganda Minister Dr. Goebbels recently told an audience at Essen that "If it comes to a crisis, our answer is that if our government takes a risk, we will follow and are also ready to take a risk. . . . England stands as an idiot. The British cannot compete with our might. English threats do not impress us any more." A similar note was more recently struck by the Reich labor front leader, Dr. Robert Ley, who shouted, "We Germans have chosen the hard path of battle. . . . We want no war but we want our rights . . . if these are denied to us, then a nation of 80,000,000 will know how to fight fanatically."

Britain and France

Strong speeches and preparation for war have not been limited to Germany, however. The statesmen of England and France have given indications which suggest a decided change of front. French Premier Daladier, and his foreign minister, Georges Bonnet, have both taken steps to acquaint Germany with the fact that France intends to honor her obligations to her ally, Poland, if the latter is attacked or provoked into a war of self-defense. From England, Winston Churchill, Anthony Eden, King George, and Prime Minister Chamberlain have made similar intimations, some of them firm, and some more restrained. In the most forceful speech of his career as British foreign secretary, Lord Halifax declared that Great Britain was prepared and determined to

resist any further aggression on the part of Germany.

At the same time, the British territorial army, the navy, and all branches of the military were warned to be ready for any developments which might occur by August. France has manned her eastern fortifications, Poland has completed all preliminary military preparations, and thus matters stand today. Britain, France, and Poland have all issued warnings of their intentions of resisting any further aggressive steps on the part of Hitler. France made her warning official by sending it through diplomatic channels. The British government took the unusual step of broadcasting an appeal to the German people by the British trade unions, asking them to make known to their government their desire for peace.

Will There Be War?

It is in this warlike atmosphere that Europe approaches the coming showdown over Danzig. But this does not necessarily mean there will be war this summer. It is true that the situation is somewhat akin to that of the summer of 1914, just 25 years ago. But there are two differences. First of all, the matter has been hanging fire for a long time—much longer than the crisis following the assassination of the Austrian archduke. Secondly, the knowledge of the tragic result of one false step at this juncture exercises an important influence on European statesmen today. In 1914 no one realized how terrible the consequences of the first warlike moves were to be.

The very loudness with which both sides are proclaiming their readiness and firmness suggests the possibility that each is trying to frighten the other by the prospect of war. History has shown that when nations have really resolved upon war, they go about their preparations quietly. They do not broadcast them to the world. Then there must be some reason for all the publicity which European statesmen have recently been according to their own preparations.

Germany, it might be said, does not really believe England and France have any intention of going to war over Danzig. At least some high Nazi officials are openly confident that when the critical moment arrives, England and France will back out, as they did in the Czech crisis last autumn. This belief is based upon the plausible theory that Czechoslovakia was a vastly more important issue than is Danzig. Therefore why should England fight now, where she was unwilling to fight before?

The British and French, on the other hand, are believed to reason in the same manner. They believe that Hitler is bluffing, and that if it does come to a showdown, he will not stake all on the desperate gamble that Germany could win against Great Britain and France, plus, possibly, Russia.

Because of the strong stands

the powers have taken, a great deal now depends upon the manner in which Germany and Poland treat the Danzig problem. Observers of European problems are not agreed on the nature of methods likely to be employed, but when all their opinions are pooled, roughly three possibilities stand out prominently.

The first possibility is that the Nazi-controlled senate of Danzig, acting in accordance with a prearranged plan, may sometime this summer flout the authority of the League of Nations and declare its desire for union with the Reich. That would be a decisive moment, for Poland would have to act then, or permit Danzig to go to Germany. If the Poles felt their independence was threatened by such a move, they would have to invade Danzig. Such action would bring all the German soldiers smuggled into Danzig within the last few weeks out into the streets, complete with arms, in an effort to hold off the Polish forces. In the meantime, Germany could be confidently expected to demand immediate Polish withdrawal, or war. If war resulted, Britain and France would be bound to come to Poland's aid.

Ultimatum?

A second line of action would involve Poland taking the initiative and presenting the Danzig government with an ultimatum demanding immediate stoppage of all military preparations. If Danzig did not accept, then Poland would have to invade the Free City. Such an act would undoubtedly bring Germany into a war with Poland, but would give the Poles the single advantage of striking before German military preparations in Danzig were complete, rather than waiting for Germany to choose her own time and place. The great disadvantage with this move, and the same holds true of the first possibility, is that it would put Poland in the uncomfortable position of being the technical aggressor.

There is still a third and very strong possibility. That is that Hitler will get his way without war. Some observers believe that France and England are making a show of force and decision now, only to enable them better to back down when the critical moment really comes. They believe that Hitler will get his way by taking a number of gradual, seemingly minor steps, placed far apart, to extend German control in Danzig. None of these steps would be important enough in itself to fight over, but in their sum total, the steps would eventually bring Danzig under German rule. Such a plan would save face for Britain and France, the governments of which might be seriously embarrassed at home if they permitted Hitler to make a sudden grab. If Hitler chooses this course, there is room for believing that the British government will bring great pressure to bear upon Poland to prevent resistance, and eventually settle the matter in a European accord of some sort under which Hitler will guarantee not to disturb the economic rights which Poland now enjoys in Danzig. As a compensation, such guarantees might also be underwritten by the British and French governments, as were the German guarantees to Czechoslovakia.

These are just three possible lines of action, of course. Whether any of them will be adopted, only time will show.



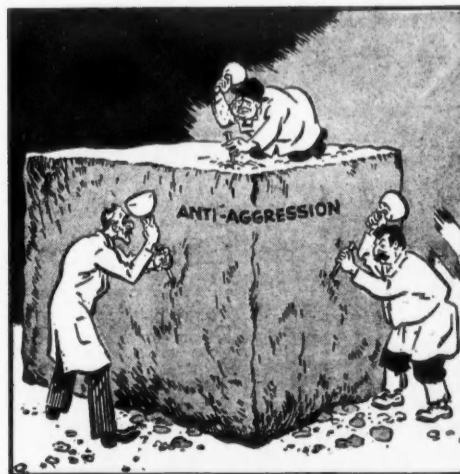
LOOKING AHEAD TO THE MONTH OF—
RODGER IN GLASGOW (SCOTLAND) RECORD

given recently by President Ignaz Moscicki, who stated that "The Baltic seacoast, Pomorze (the Polish Corridor), and our two ports, Gdynia and Danzig, are the air and sun of our national life and the basis of our political and economic independence."

And so it is that the Danzig problem seems to consist—not of a right and a wrong—but of two rights. The Polish and German claims to Danzig are both justified by existing conditions. The status of the "free city," granted by the League of Nations, was intended to be a compromise between these two rights. It left Danzig independent, but gave both to Germans and to Poles special privileges. Under ordinary circumstances there would seem to be little in the position of Danzig that requires change, and little reason for a crisis over the territory.

Preparations

Recently, Adolf Hitler has shown little inclination to adopt a moderate policy in regard to Danzig. In times past he has publicly recognized the vital importance of the free city to the Polish nation. But for several months he has been making preparations which cannot be interpreted in any manner other than for a projected coup.



A HARD BLOCK TO PUT IN SHAPE

RODGER IN GLASGOW (SCOTLAND) RECORD



HENRY FORD TRIES OUT HIS NEW TRACTOR

The new light tractor, which Mr. Ford declares will drive the horse out of business, was tried out in Dearborn, Michigan, recently. Incorporating a new system of hydraulic controls for unit implements, the tractor is said to be safe, cheap, and efficient to operate. Henry Ferguson, who developed the principles embodied in the new tractor and implements, stands at Mr. Ford's side.

DOMESTIC

Revolts in Congress

Throughout this session of Congress, there has been an increasing tendency on the part of members to revolt against the President's wishes. When the fiscal year ended at midnight, June 30, that tendency was especially noticeable as both the Senate and the House administered severe setbacks to favorite programs of President Roosevelt.

In the House, the reverse for the President came over the troublesome question of neutrality. Mr. Roosevelt and his advisers have made no secret of the fact that they think this country should try to avert a possible war by serving notice on Germany and Italy that America would sell arms and ammunition to Great Britain and France in case of conflict. In order to accomplish this, they want the present embargo against such sales removed, and they had succeeded in pushing a measure containing such a provision through a congressional committee. But when the bill reached the floor of the House, isolationists, who hold that it would be impossible for this country to sell arms without becoming involved in war, amended it to provide for an embargo on arms whenever the President finds that a state of war exists.

Although the President may yet win his battle to secure a law which more nearly suits his wishes, the initial House defeat indicates that he will have no easy time in doing so.

The second defeat came in the Senate where the President failed to receive a continuation of his power to control the gold content of the dollar within certain limits.

After a unique coalition of Republicans and Democrats had traded votes so as to raise the price of silver and to take away the devaluation power, a conference committee changed the bill in accordance with administration demands. It was reported back to the Senate only a few hours before the end of

the fiscal year. There, despite the frantic efforts of party leaders, opponents of the bill proceeded to "talk the bill to death" by refusing to let it come to a vote until after midnight. Then it automatically expired, and the President had lost again.

Another Deficit

Much of the criticism of the New Deal has centered upon the huge sums it has been spending, and the fact that there has been a federal deficit in every year since 1930. More ammunition for these critics was furnished when the government balanced its books at the end of its fiscal year on July 1. (For bookkeeping reasons, a fiscal year runs from July 1 to June 30.) When that was done this year, it was reported that the national government had spent more money during the last 12 months than during any similar period in the history of the United States.

Altogether, for operating expenses, relief, and so on, the national government spent about \$9,250,000,000, semi-official sources revealed. Through taxes and other revenues, it collected over \$5,670,000,000, which meant that there was a deficit of \$3,580,000,000 to boost our national debt to over \$40,378,000,000. Although these figures are large, some people were cheered by the fact that the deficit was not quite so much as had been anticipated, partly because various agencies were unable to spend their appropriations as rapidly as they had planned, and partly because revenues were higher than expected.

New Relief Law

Only two hours before the work-relief agency was to expire, President Roosevelt received a \$1,755,600,000 relief bill which will continue the WPA for another year. The President signed the measure, but not before he had made some caustic comments about certain provisions which did not meet with his approval. The bill in its final form represented a compromise between the recommendations of the Senate and the many drastic revisions

The Week at Home

What the People of the World

sions urged by the House of Representatives.

Although the measure appropriated \$100,000,000 to the National Youth Administration, and \$123,000,000 to the Farm Security Administration, the major portion of the new relief act is concerned with the WPA and the \$1,477,000,000 which it was granted.

The chief provisions affecting that organization include:

1. States and their subdivisions are required to contribute at least 25 per cent of the cost of projects, and a limit of \$52,000 is set for WPA participation in a nonfederal building project.

2. All WPA employees will be compelled to work 130 hours a month for a subsistence wage. The provision requiring skilled workers to receive the prevailing rate of pay was dropped, and it is specified that employees doing the same work in different sections of the country shall receive the same wages, except for some modifications "justified by differences in the cost of living."

3. All persons who have been on WPA rolls for 18 months are to be automatically

textbooks in schools, more adequate safety programs, a merit system in government, and more opportunities for women in politics. They also approved the National Youth Administration and requested a more intensive study of Kansas government in Kansas schools. To round out the program, speeches by authorities on government supplemented the practical experience.

Louisiana

Politics in Louisiana continue in a state of confusion and uncertainty. Until the results of the nine investigations into the administration of the state university and the management of the WPA become known, it will not be possible to determine how much graft and corruption there has been in the former empire of Huey Long.

When Huey Long was assassinated nearly four years ago, he left behind him the strongest political machine in the South; state and municipal politics were well under control. But when the "Kingfish" with his



"THE FIGHT IS OVER NEUTRALITY"

THOMAS IN DETROIT NEWS



SOME STATESMEN ARE AHEAD OF THEIR DAY

HARPER IN BIRMINGHAM (ALA.) AGE-HERALD

dropped from the rolls, but they will be eligible for reemployment after 30 days.

4. The Federal Theatre project was abolished, but the Writers, Music, Historical Records and other "white-collar" projects are to be continued on a curtailed basis.

5. The three-man board requested by the House was not included in the final form, although it was provided that administrative costs should not exceed four per cent.

The new relief law has been variously received. Many praise it as a decided improvement over the former law. They think it will mean greater efficiency, and perhaps more economy in relief; they expect it to drive unworthy recipients off the relief rolls. But others roundly condemn the bill. They charge that Congress has dealt too harshly with the needy and that many deserving unfortunates will be deprived of relief. They claim that the measure will act as a boomerang on Congress, and that members who voted for it will be held to account in the next election.

Training for Citizenship

About 150 high school girls received valuable training in citizenship and eight days of practical experience in government as members of a Girls' State in Kansas.

Patterned closely after the popular Boys' States, the project was sponsored by the American Legion Auxiliary of Kansas. Under its plan, the girls conducted their own senate and house of representatives, and elected their own city, county, and state officials. They appointed a corporation commission, board of social welfare, board of health, and a highway patrol. A knowledge of the mechanics of legislation was gained by setting up two state parties, the nationalists and the federalists, who chose legislative leaders, and passed bills. Some of these measures included endorsements of a program of free

genius for organization passed from the scene it became a question of whether the machine could be held together.

Long's political henchmen took over; Richard W. Leche became governor and Robert E. Maestri became mayor of New Orleans. But instead of quarreling among themselves, as had been expected, the new leaders buried whatever differences they may have had, and worked together. Only State Senator James A. Noe, who had for a time been acting governor, remained out of the fold. His own ambitions unfulfilled, he charged that the men in power had turned their backs on the principles advocated by Huey Long. He determined to undermine them.

For more than three years the machine functioned smoothly. The mayor of New Orleans gave the city an efficient administration. The governor made friends on all sides. All seemed well in the state of Louisiana. Some time ago, however, signs of trouble began to make their appearance. There were rumors of questionable practices in the WPA, rumors which reached the point of conviction when Mr. Noe's agents secured evidence that WPA workers had constructed buildings for politicians, and that state university trucks had been used to deliver building materials for use on the private residences of certain officials.

This evidence found its way to Washington and was read into the *Congressional Record*, and although it was not proof of a major scandal, it was soon followed by an explosion in Louisiana politics. Governor Leche decided to resign on account of ill health and, by coincidence, Dr. J. Monroe Smith, president of the state university, suddenly left office and left town. It was charged that Dr. Smith had been using the university's credit to obtain loans reaching to \$500,000 for his private speculations in the wheat market. Dr. Smith was located in Canada and was returned to Louisiana to face charges.



NEW FORMIDABLE FLYING FORTRESS

Here is the latest Boeing Flying Fortress type bomber just completed in Seattle. The huge ship, carrying four 1,000 H.P. motors, carries also five machine gun emplacements in the nose and fuselage. The government has increased the censorship on information regarding military planes, as it is reported that the annual plane production capacity of the United States has reached 50,000.

Time and Abroad

Doing, Saying, and Thinking

Earl K. Long, brother of Huey Long, is now in the governor's chair. He was a bitter opponent of the "Kingfish" but is believed to have become reconciled with him at the end. He promises an honest administration and will face the voters in an election in January. Meanwhile, the people of Louisiana are waiting to learn what has been happening during the time which has passed since the death of the inimitable Huey.

FOREIGN

I. R. A. Bombings

The four bombs which recently exploded in stations of the London Midland & Scottish Railway represent only the last in a long series of similar bombings and acts of sabotage perpetrated in England by the illegal Irish Republican Army, usually called the I. R. A. Recruited from that part of the Irish pop-

de Valera, who was then trying to negotiate an agreement with London, that he ordered the organization to disband completely. Instead, the I. R. A. members simply went underground and began secretly to drill and equip an illegal army (which they claimed to be 15,000 strong) back in the windy, rocky hills and bogs of Counties Clare, Mayo, and Donegal.

The present campaign of terrorism broke out in earnest on January 30 of this year when a dozen bombs exploded simultaneously in different parts of England accompanied by a violent proclamation of I. R. A. aims. De Valera immediately denounced the outrages, and Scotland Yard went to work at once, but although many arrests have been made, the acts of sabotage have not been stopped. There is some belief in England that the organization has been encouraged, if not financed, by German aid, but no proof of this charge has been offered. The technique used by the bombers, of leaving time bombs in small suitcases, shopping bags, shoe boxes, and so forth, on busy street corners, in railway stations, and in buses and subway cars, makes each individual act very difficult to trace.



IT'S A SMALLER WORLD
GOLDBERG IN N. Y. SUN

ulation to which a hatred of England comes naturally, the I. R. A. was organized in 1922 when Great Britain divided Ireland by separating the 26 southern counties from the six counties of the north, giving to each section a separate government. Holding that the only language the British understand is that of force, the I. R. A. has worked ever since to bring about a union of the north and south in Ireland and a severing of all ties with England. By 1936 the terroristic acts of the I. R. A. so embarrassed Irish Premier Eamon

Case of Dr. Niemoeller

Attracted by news which spread only by word of mouth, 3,000 German people recently gathered in St. Paul's Church, in the Lichterfelde district of Berlin, to attend a strange and moving service. Ninety-two German pastors from all parts of the Reich mounted the pulpit one after another and spoke a few solemn but determined words in honor of an enemy of Hitler, a German pastor now in jail, Dr. Martin Niemoeller.

Two years ago Dr. Niemoeller was arrested on charges of preaching sedition to his congregation in a wealthy district of Berlin. After a long period of preparation he was brought to trial and ordered freed by a high German court in March last year. His dignified bearing, his calm and reasoned defense of his rights as a Christian minister, coupled with his record as a World War hero (in which he served as commander of a U-boat) impressed the court and even many important Nazis. In direct violation of the court order, however, the Gestapo (the German secret police) arrested him again and have held him in custody ever since.

Dr. Niemoeller has since become a test case in Germany. Efforts of the German government to cut off his pay, eject his family from his parish house, and to place him on the "waiting list" of unemployed ministers, have so far failed—having been prevented



REHEARSAL IN LONDON

London school children recently participated in the experimental evacuation of 5,000 pupils. These youngsters are shown marching to the nearest subway station after the "alarm" had been sounded that "hostile planes" were on the way. The children are taught to march calmly to their designated places. Each carries emergency supplies of food and blankets.

by the resistance of his own congregation and many important people in Germany who see in Dr. Niemoeller's case a very important test of such religious rights as yet remain in the Third Reich.

Peons and Oboes

Although the remarkable renaissance of Mexican art and culture during the last 20 years has found its most brilliant form of expression in the paintings and murals well known to many Americans, the development and appreciation of music in Mexico is also drawing considerable attention.

A few years ago Carlos Chavez, one of the foremost of Mexican composers and conductors, arrived in the United States with a number of strange manuscripts and queer Mexican instruments. Appearing with symphony orchestras in Boston, New York, and Philadelphia, he impressed his audiences greatly with unique forms of genuinely Mexican music which they had seldom, if ever, heard before. But if the strange blend of the Indian and the Spanish, the Aztec and the Mayan, which is characteristic of Mexican music, was not well known in the United States, it was also neglected in Mexico. For decades the Mexican had strummed his guitar in the remote villages, while aristocrats and the wealthy intelligentsia attended the European symphony and opera in the polished halls of Mexico City. There was a wide gulf between.

In recent years Chavez and other prominent Mexican musicians have tried to narrow that gulf. With government aid, and with contributions from trade unions, the National Symphony Orchestra of Mexico City has departed from its former high-priced traditions, and gone into the parks, trade union halls, and big auditoriums where the poor people can hear it without charge. At the same time great impetus has been given to smaller groups throughout the country with one result that within a few years the common people of Mexico have come more and more to take a pride in their national music, while audiences have doubled and tripled.

Aid to Paraguay

Although Paraguay won her long war with Bolivia over the Gran Chaco region, which concluded in the peace treaty signed just a year ago this month, the long struggle left that country in a state of exhaustion, with its finances shattered, and its male population cut in half. It was obvious last year that Paraguay was badly in need of financial assistance. But her need was not given much attention until recently when it became known that Germany was offering to assist Paraguay in the construction of a 220-mile motor highway, textile mills, tobacco factories, industrial colonies, and so forth, in return for what would virtually amount to control of Paraguay's petroleum resources.

The German offer was perfectly legal, but international rivalries were at once stirred. Last month this project was given a setback when the United States government arranged

through the Export-Import Bank in Washington a \$500,000 credit to Paraguay with the twofold aim of rebuilding that nation's economic structure by enabling it to purchase needed materials in the United States, and of stimulating American exports. This credit is in line with the administration's policy of lending financial aid to friendly but needy Latin-American republics. Other credits have been granted to Brazil, Haiti, Nicaragua, and a similar one for Chile is now being negotiated.

Landlocked Bolivia

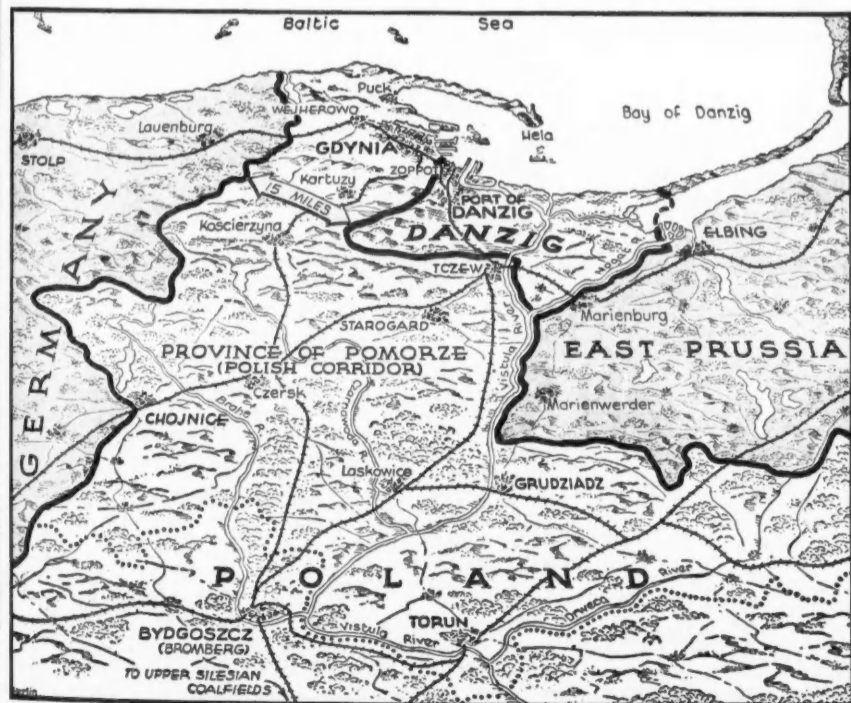
Following the loss of her one outlet to the sea as the result of a war which she waged with Chile 60 years ago, Bolivia developed a national horror of being locked up in the middle of South America by her neighbors—Brazil, Argentina, Chile, and Peru. Greatly increased by Brazil's forcible annexations of eastern territories in 1898 and 1900, this feeling dominated Bolivian policy for many years. Only internal troubles prevented Bolivia from warring on Peru to push her bor-



L. GREEN FROM GENDREAU
BOLIVIAN INDIANS AND THEIR HOUSES

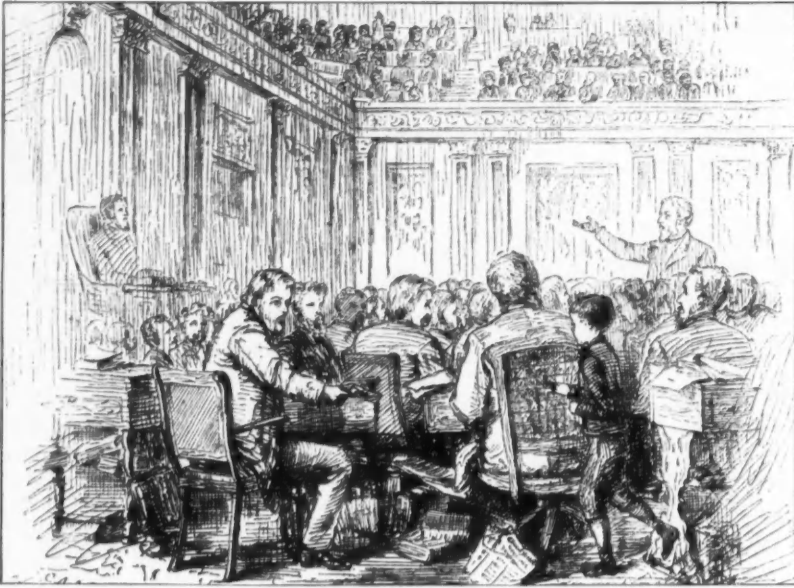
ders back to the Pacific in 1920. Instead, attracted by the prospect of a deep-water port on the Paraguay River, Bolivia turned to the southeast and launched a desperate, suicidal war against Paraguay in which she met another defeat and lost more land.

Although a recent fascist coup has rendered the political future of Bolivia uncertain (see THE AMERICAN OBSERVER for June 12), there have been indications recently of a more reasonable national policy. The western section of Bolivia, a dry, hilly, cattle region, is already connected by means of railroads with the Pacific through Chile and Peru. Now Bolivia is attempting to extend her lines of communication to the south and east. One new railroad, designed to hook up eastern Bolivia with the Argentine railway system, is now under construction. Both Brazil and Bolivia are cooperating to build still another—a 250-mile line from central Bolivia east to Brazil, and thence to the Atlantic. By this means Bolivia hopes to open her rich agricultural and forest regions of the east, provide a means of selling petroleum to Brazil, and last, but not least, to rid her people of the feeling that they are cut off and hemmed in by their neighbors.



DANGER ZONE

This map shows in detail the territory in and around Danzig which has become the most dangerous issue before the nations of Europe (see page 1).



IN THE SENATE CHAMBER
From a sketch drawn by an artist in 1879.

Historical Backgrounds

By David S. Muzzey and Paul D. Miller

The Filibuster in American History

TOWARD the end of each session of Congress, members of that body often resort to the filibustering technique as a means of "talking a bill to death." They know that as the time approaches for Congress to adjourn, the legislators are anxious to return home and thus do not want to become involved in any lengthy discussions. If plans are under way to introduce a measure which certain senators do not like, therefore, they threaten to drag out the debate over it for a long period of time, hoping by this procedure to



DAVID S. MUZZEY

discourage the sponsors of the measure to such an extent that they will wait until the next session to push their plan. Tactics such as these have been threatened on several occasions in recent weeks. It is reported that several senators are ready to conduct a lengthy filibuster in the event that President Roosevelt attempts to have his ideas on neutrality put into law. And several other senators have threatened to "talk bills to death" which they do not like and which they fear will be voted upon during the present session.

As a general rule, it is minority groups which resort to the filibuster as a weapon to defeat measures supported by a majority. At any rate, those who use these tactics think they are in the minority whether they are or not; otherwise they would allow voting to take place.

Dramatic Filibusters

There have been some dramatic filibusters in the course of American history. Small groups in Congress have talked for days upon days in the effort to prevent a vote from being taken on bills which they opposed and which they felt quite certain had majority approval.

It is only in the Senate, however, that this weapon has been used. The House of Representatives has always been too large and unwieldy to permit prolonged debate among its members. The Senate, on the other hand, has a long tradition, to which it jealously clings, of free and unlimited discussion.

One of the first extensive filibusters was staged in the winter of 1890-91. It lasted for two months. It involved a question of federal vs. state rights. Two years later another filibuster took place against the repeal of the Silver Purchase Act. One senator spoke for more than 14 hours at a stretch during that controversy. But the individual record for filibustering was

made by Senator Robert La Follette, father of the present senator from Wisconsin, when he spoke for 18 consecutive hours against a currency measure in 1908. The late Huey Long was also famous for his filibustering tactics.

It was not until 1917 that even a moderate restriction was placed upon the right of a minority in the Senate to filibuster. At that time, President Wilson and a majority in Congress favored a law which would give the President power to arm merchant vessels in order to protect themselves against the attacks of German submarines. A small group of senators filibustered. Their action caused the Senate to put through a mild reform. As a result, 16 senators may now request the Senate as a whole to vote on a motion to close debate, and if two-thirds of the members of that body agree, no senator may speak more than one hour, and debate must proceed without interruption.

Rule Seldom Applied

But this rule is hardly ever applied, for it is seldom that two-thirds of the Senate will vote to put it into effect. Attempts have frequently been made to limit debate in this way, but rarely does such an attempt succeed. Each senator is afraid that he may want to engage in a filibuster someday, and so he hesitates to favor a strict rule which may eventually be to his disadvantage.

The defenders of the present system feel that the interests of democracy can best be served by allowing minority groups in the Senate a maximum of freedom in expressing themselves. Claudius Johnson, in his splendid volume, "Government in the United States," takes such a position. He contends that "the Senate is the only great forum in the United States. Freedom of debate more than anything else makes it so."

Critics of the filibuster, on the other hand, say that it is a bad policy to establish the tradition that minorities are able to block the will of majorities in Congress. It is well and proper, continues the argument, to give minorities a considerable length of time to put across their views, but there should be a limit placed on them so that they cannot actually prevent a bill, which is favored by the majority, from being voted upon.

There is no agitation in Congress at the present time to make it more difficult for senators to engage in a filibuster. Every time that this weapon is used in the effort to defeat a vitally important piece of legislation, however, many voices are raised in protest. This issue is certain to come up again if a minority in the Senate engages in a long filibuster over the neutrality bill.

Personalities in the News

SEVERAL years ago Jesse Jones took a vacation from his job as chairman of the Reconstruction Finance Corporation. His destination was Austin, Texas, where the state legislature was to spend three hours extolling him as Texas' first citizen. Attending the ceremony of unveiling his portrait in the capitol building, were the governor, ex-governors, and many of the most prominent leaders in Texas. Perhaps the RFC chairmanship was the pinnacle of the achievements for which he was feted, but hardly less important was the fact that Jesse Jones was a powerful figure in the Texas business and financial world. Banker, publisher, realtor, and lumberman, his vast interests radiated from Houston to the farthest corners of the state.

His sphere of influence in Washington is now no longer confined to the RFC. Recently the Senate confirmed his appointment as the head of the new Federal Loan Agency, which was created by the first reorganization plan in Congress. Ten lending and spending agencies, formerly separate groups, are now under the single direction of Mr. Jones and his new organization. They will include the RFC, the Federal Housing Administration, the Home Owners' Loan Corporation, and seven other lending bodies.

On its face, Mr. Jones' position would seem to involve chiefly the problem of making a coordinated organization from the scattered parts given to him. Of equal importance, however, is the work which he must do on the President's proposed \$3,860,000,000 lending program. If the plan wins Congress' approval, large sums of money will be funneled through the Federal Loan Agency. At 65, Mr. Jones will be busier than at any time since President Hoover brought him to Washington to head the RFC.

DURING recent weeks fully as much attention has centered on Jesse Jones himself as on the new position which he assumed July 1. Another move which occurred on that day was equally important, but the agency itself took the forefront, while its administrator, John M. Carmody, willingly remained more obscure. Busily winding up his affairs as administrator of the Rural Electrification Administration, a post which he has held since February 1937, Mr. Carmody was content to let all speculation concern chiefly the new Federal Works Authority, which he now heads.

Like Mr. Jones, his initial task will be to gather in loose ends. He must coordinate the functions of the Works Projects Administration, the Public Works Administration, the Bureau of Public Roads, and the United States Housing Authority, and assume a measure of control over federal public buildings. Looming in the background is the share he will have



JESSE JONES

in administering the proposed \$3,860,000,000 lending program. If Congress approves, over a billion and a half dollars will go to the Federal Works Agency to be used for nonfederal public works, toll roads and bridges, and railroad equipment — projects which President Roosevelt described as "self-liquidating in nature."

To this task Mr. Carmody brings a varied experience in industrial and governmental enterprises. For 25 years he worked in the steel, clothing, and coal industries, concentrating chiefly on labor and industrial relations. After a six-year interlude as editor of *Coal Age and Factory and Industrial Management*, he joined the

New Deal in 1933 as a labor mediator. Successive promotions placed him with the Civil Works Administration, the National Bituminous Coal Labor Board, the National Mediation Board, and the National Labor Relations Board. Forceful and energetic, he can no longer expect to shun the spotlight as he did when he directed the REA.

AS a result of a recent split in the government of the Netherlands over financial policies, Queen Wilhelmina has asked Dr. Hendrik Colijn to form a new cabinet. That she should have turned to Colijn is no surprise in Holland, for not only is he premier, but probably the most powerful political figure in the Netherlands today.

Born into a Calvinist family, 70 years ago, Colijn flouted his father's expressed wishes that he take up farming, and joined the army instead. Dispatched almost at once to the Dutch East Indies, he spent 20 years at the other end of the world, preparing as a soldier and administrator for a political career in his own country. Before returning home in 1909, he had risen to the position of deputy governor of Sumatra.

Back in the Netherlands Colijn turned his hand first to the oil business, and then to editing a newspaper of strongly Calvinist views. Finally he returned to public service, occupying various offices as minister of war, of finance, of colonies, and — last of all — of premier.

Since 1925 Dr. Colijn has moved in and out of the premiership. Greatly favored by the queen, his appointments as leader of coalitions of gov-



PAUL REYNAUD



DR. HENDRIK COLIJN

ernments have been made in spite of the fact that he has always been connected with a minority party. More an individual than a machine politician, his shrewdness and the practical grasp he has obtained on national and international

matters as a soldier, colonial administrator, editor, and businessman have won for him considerable confidence among the stolid, conservative Dutch people who feel the need for sound leadership in these troubled times.

NEXT to Premier Daladier and Foreign Minister Georges Bonnet, Paul Reynaud stands out today as one of the most powerful men in France. As minister of finance he has accomplished much this year in making use of the cabinet's temporary emergency powers to put French finances in order and to bring the franc back to normal as a stable unit of currency.

Born 60 years ago high up in the French Alps, Reynaud was brought up and educated in Paris. Although politically a conservative, his life has been most unorthodox. As a traveler his enthusiasms ran to remote places, and to obscure methods of transport. As a lawyer, he developed a brilliant, if peculiar, courtroom method. As a young man he followed the tradition of his family, and entered politics by way of the Chamber of Deputies.

Possessed of unusual financial ability, foresight, and coolness in the face of opposition, Reynaud soon forged to the front of conservative ranks as a recognized authority on the judiciary and on financial and foreign matters. At various times he has adopted and stood out for such unpopular measures as currency devaluation, and moves toward friendship with Germany. In spite of the latter, however, he is an intense nationalist.



JOHN CARMODY

The Tragic Story of Thirty-Six Days



HEADLINES

A few of the headlines which appeared in leading newspapers when Great Britain declared war on Germany. (From "The First World War," by Laurence Stallings. Simon and Schuster.)

As all Europe drifts closer to a serious crisis over Danzig this summer, it is interesting—and perhaps significant—to recall that exactly 25 years ago another crisis was unfolding on that continent. It began at 11 A. M. on Sunday, June 28, when the Archduke Franz Ferdinand, heir presumptive to the throne of Austria-Hungary, died the victim of a young Bosnian assassin, who had been stirred to the point of fanaticism by Serbian propaganda. That assassination set in motion a chain of ominous events. At first, certain statesmen tried to divert them to suit their own ends. But just as a high wind picks up the spark kindled by a careless smoker and sweeps it into a raging fire beyond control, so did the combination of European secret alliances, mutual jealousies and human frailties fan the spark lit by the young fanatic, Gavrilo Princip, into the most monstrous war the world has ever known.

25 Years Ago

That last Sunday in June 1914 found the United States entering upon a placid summer. Schools were out, vacations were just beginning, and the horse and buggy were still predominant along the dusty roads. Newspapers told of rivalry between the Giants and Yanks, and of Jack Johnson's successful defense of his heavy-weight title. Woman suffrage, the Bull Moose party, Woodrow Wilson, Champ Clark, Elihu Root, Theodore Roosevelt, and William Jennings Bryan provided the political news. References to "the war" conjured up no more serious a picture than that of two Mexican generals chasing each other over sun-baked hills south of the Rio Grande. To all appearances the summer would be a quiet one.

News of the assassination in distant Sarajevo did not greatly disturb Americans when it first began to filter in late Sunday, nor even when the full story appeared in the Monday morning papers. There were a few vague references to serious possibilities, but they lacked conviction. There was some feeling of sympathy for the aged Franz Josef, who had so sadly asked, "Am I to be spared nothing?" But there had been too much trouble in the Balkans over far too long a period. It was simply too remote.

In four days the news had practically vanished from the American press. A period of quiet settled down again, and a hot July slipped past. The indictment of New Haven Railroad officials by a federal grand jury revived some flagging interests in the more weighty matters of life, as a financial scandal seemed imminent. From Newport the two beautiful sloops, *Resolute*

and *Vanitie*, stood out to sea under billowing clouds of sail in preliminary trials for the cup races with Sir Thomas Lipton's *Shamrock IV*, then on its way from abroad. A murder mystery on Long Island added spice to the news as the summer drifted quietly on.

In Europe

In Europe a similar quiet prevailed, or seemed to prevail. Summer vacations had virtually drained the capitals of London, Paris, St. Petersburg, Vienna, and Rome of statesmen—leaving only undersecretaries and adjutants to their brief weeks of authority. Even members of the German high command (later adjudged to have been sitting up to all hours of the night plotting the destruction of the world) had wandered off to the sea, the Swiss Alps, or the spas for a summer rest. The Kaiser himself was cruising off Norway. The German secretary of state was on his honeymoon. The president

of France, Poincaré, was visiting Russia, while at home the French press was virtually given over to a scandal in the courts.

But as history has shown, matters were quiet on the surface only. Underneath, both Austria and Serbia were preparing for a showdown. The murder of the archduke had been no accident. Some Serbian cabinet ministers had known of the plot three weeks in advance. Although it was prepared and financed in Belgrade, they did nothing to stop it, and made no move to punish the plotters until it was too late. Having liberated brother Slavs from Turkish rule in the Balkan wars, the Serbs in 1914 perhaps thought they could do the same for brother Slavs under Austro-Hungarian rule, and eventually achieve national unity in a greater Serbia. Encouraged in this belief by support from Russia, the Serb government sat back and waited, while the press burst into a frenzy of nationalism.

The Serbs had reckoned without the Austro-Hungarian foreign minister, Count Berchtold, however. The day after the murder, this hard-headed gentleman-diplomat told Conrad von Hötzendorf, chief of the Austrian general staff, that the time had come to settle matters with Serbia once and for all. Referring to the assassination of the archduke, to the secret Pan-Slav societies operating throughout the Balkans against Austria, he blamed Russian and Serbian intrigue for the situation. Adding his grim conviction that it was not only a matter of defending Austria's waning prestige, but of defending the very life of the empire he loved, his conclusion was that a preventive war should be launched against Serbia without delay. Von Hötzendorf seemed to agree, and although the Hungarian premier, Count Tiza, objected, von Berchtold went ahead with his plans. That evening a long memorandum covering the subject was sent to Berlin.

Germany Enters

On June 30, two days after the murder, Germany entered upon the scene. The foreign office, through the ambassador at Vienna, urged Berchtold to proceed slowly and with caution. This was immediately contradicted from Berlin. "Who authorized him (the ambassador) to do this?" the Kaiser scribbled on a margin of the report. "It is idiotic. It is none of his business. . . . We must clear the Serbian matter out of the way at once."

The Kaiser then met with his high officials and military advisers in Berlin and formulated a policy toward the Austro-Serbian situation. Although his chancellor, von Bethmann-Hollweg, urged moderation, the majority opinion was that Serbia should

be punished and Russia kept from interfering. The German government felt it was sufficiently powerful to do this, particularly as Russia would not complete her armaments program until 1917. Then the step was taken for which the Kaiser's government was subsequently most severely criticized. Austria was given what was virtually a blank check, and Berchtold was informed that "Austria must judge what is to be done to clear up her relation with Serbia; whatever Austria's decision may turn out to be, Austria can count with certainty upon it that Germany will stand behind her as a friend." Convinced that matters would be quietly settled in Austria's favor, the German emperor set off on July 6 on a cruise, while Bethmann retired to his country estate for a rest.

Having gained this promise, Berchtold was convinced that Russia would not dare intervene on the side of Serbia, and set to work preparing an ultimatum against the Serbs. Ten days slipped quietly by. It was a lull, but the lull before a storm. On July 16, the British ambassador to Vienna wired the British foreign office that Berchtold was preparing something serious. St. Petersburg and Rome received the same news. On the nineteenth, President Poincaré in St. Petersburg warned of the strong friendship between France and Russia. Europe was getting nervous.

Ultimatum

At six o'clock in the evening of July 23, Serbia received the Austrian ultimatum. It demanded not only the suppression of all anti-Austrian propaganda in Serbia, but special powers under which Austria could order the discharge of Serbian officials, and the right to post her own in Serbia. No one—least of all Count Berchtold—expected that Serbia would accede to such a destruction of her status as a nation.

During the 48 hours, in which Serbia was given to reply, Europe became greatly agitated. For the first time, the dangerous potentialities of the situation were becoming apparent to all. Poincaré hurried home from Russia after promising French support. Not even having been shown the ultimatum before it was sent, the German government was at once embarrassed and alarmed, but once again it came to Austria's support, and declared the Austrian demands to have been "reasonable and proper." At this point England entered the situation as its foreign minister, Sir Edward Grey, anxiously called upon the governments of Germany, France, Britain, and Italy to call a conference for the purpose of arbitrating the dispute.

Germany refused for fear of offending her ally, Austria. France refused for fear of offending Russia. On July 25, just two minutes before the ultimatum expired, Serbia handed in her reply. It was conciliatory, and accepted all the Austrian demands but two which infringed upon its sovereignty. These it offered to submit for arbitration to the Hague Tribunal, or to a conference of the powers.

But it was not Serbia's reply that so stirred Europe on that evening and set the air virtually crackling with wireless messages. It was the fact that Serbia, across the blue Danube, was mobilizing. Genuinely alarmed at this point, the German government pressed Berchtold to give assurances to Russia that he would respect Serbia integrity. But Berchtold had gone too far for that. Staking all on the reckless gamble that Russia would be scared off by Germany, Austria replied on July 28 by declaring war on Serbia.

Mobilizations

From that moment on the one important question was whether the conflict could be localized. All hoped it could be. But from that moment on, each country began to act in its own interest. All the international jealousies and rivalries began to rise to the surface. Each nation felt its neighbor was preparing to force a war, and one precautionary measure led to another. On the next day the Czar gave the order to mobilize. Upon receiving an urgent request from his cousin, the Kaiser, to cancel this step, he did so, but only added to the confusion. On the 30th, Russia took the fatal step and resumed mobilization, while France quietly followed suit. On July 31 the Kaiser proclaimed a state of emergency, but withheld mobilization, offering Russia 12 hours to countermand the mobilization order. He waited 24 hours for a reply and then, on August 1, declared war on Russia. Germany then bluntly demanded that France state her position. Receiving the reply that France would act "as her interests dictated" Germany declared war on France on August 3.

Although she had been allied with Germany and Austria, Italy decided the war was one of Austrian aggression, and refused to take any part at the time. Only England still hesitated. Although a secret gentlemen's agreement bound Britain to defend France's north coasts with her navy, there was no sentiment in Britain in support of war. With the cabinet split in half, Sir Edward Grey was in a quandary. But the German invasion of Belgium decided the issue. On August 4, at 2 P. M., Britain presented the German government with an ultimatum demanding that Germany respect Belgian neutrality and integrity.

That evening Sir Edward Grey stood in a window of the British foreign office looking out through the dusk over St. James Park. With his characteristic gentle melancholy he uttered his now-famous remark to a friend, "The lamps are going out all over Europe tonight," he said, "we shall never see them lit again in our times." At midnight the ultimatum expired unanswered, and England, too, was at war.

Thus these statesmen of Europe, none of whom, to begin with, had wanted war, found themselves the victims of the monster of their own creation. Within five years nearly every one of them had vanished into obscurity, death, or exile.



JUST BEFORE THE SHOT WAS FIRED

The Archduke and Archduchess Ferdinand of Austria photographed in Sarajevo, Serbia, a few minutes before the fatal bullet left the assassin's gun. The death of Ferdinand kindled the spark which started the World War.

Revival of Building Industry Is Sought

(Concluded from page 1)

It has never at any time during these years gone much beyond half of what it was in August 1928.

The slump has been most serious in the building of private houses and apartments, for the federal government's spending program has operated to keep alive other branches of the construction industry. The millions of dollars which the government has dealt out for the building of schools, post offices, bridges, sewers, and other projects, have helped to keep up the volume of public construction. The government, too, is spending money on housing by erecting large-scale apartment projects for low-income families through the United States Housing Administration, but its spending in this field has been much less than its spending on other kinds of construction.

Private Houses

It was to the building of private houses and apartments, therefore, that the committee gave most of its attention. It learned, from Dr. Lubin's testimony, that during the twenties the United States produced an average of 700,000 houses and apartment units—dwelling units—a year. The best year was 1925, when 937,000 dwelling units (all figures are for urban or nonfarm buildings) were constructed. But

families have incomes of \$2,000 a year or less. Over half of all the nation's urban families can only afford to buy or rent houses costing from \$2,000 to \$4,000. Yet only 15 per cent of all houses put up last year came within that price range. Another 23 per cent fell in the \$4,000 to \$6,000 range and all the rest were in the higher-price class.

Thus the requirements of people having higher incomes are being amply met and experts see no reason to expect great expansion in that field. If more houses are to be built, they say, they must be low-priced houses which can be purchased by families having low incomes. This is where the great need and the great market exist, and it is only there that the building industry can register the growth it must have in order to make its full contribution to the nation's prosperity. And this means not a \$5,000 or \$6,000 house—although there is a market for this type of house—but the house which can be sold for \$4,000 or less, preferably less. If such houses are put on the market for sale to new owners or to those who will rent them, much greater activity can be expected from the building industry.

Costs

And here the committee began to attack the problem of housing costs in an effort to learn why the building industry has done so little in the way of producing satisfactory inexpensive houses. It began an investigation of financing, material supply, labor, land costs, and other factors which determine the final selling price of a house or apartment.

The committee heard one witness describe the activities of building supply dealers who work together in order to keep up the prices of their products. It seems that in some cities it is impossible for a builder to purchase certain supplies, such as cement, sand, gravel, and tile, direct from the producers. He is obliged to go to the yards of the recognized dealers in his territory, and to pay their price, or do without the materials he needs. Various methods by which such "closed markets" are maintained were discussed.

It is realized that dealers who operate in this manner are doing what they think is a necessary thing in order to keep prices from falling to disastrous levels. As they see it, it is a question of self-preservation, but as the housing experts see it, it is one of the things which is keeping construction costs up.

Labor cost has also been a factor in making houses expensive. At this writing the committee has not gone deeply into this aspect of the problem, but other sources show that labor cost is a heavy item on the contractor's bill. The building industry is well covered by unions, which naturally make every effort to secure



THE AVERAGE AMERICAN DREAM

The average family in the United States hopes to have a home of its own.

better wages for their members. Between 1923 and 1929, when the housing boom of the twenties was in full swing, the average wage of building workers in the United States rose from \$1.06 to \$1.35 an hour. This increase was not out of line with activity in the industry, but from 1929 to 1931—years of increasingly severe depression—the building trades pushed the wage scale up to \$1.42 an hour.

The workers, of course, were trying to protect themselves during a period of falling employment. They had fewer hours of work, and they tried to obtain more pay for the work they did. But this did not help to check the decline in building, and building workers saw their incomes—often meager even in good times—decline along with those of other people affected by the depression.

Annual Wage

Various suggestions have been made as to methods by which labor costs might be reduced. One of the most prominent is that workers in the building trades should be hired for longer periods of time, and paid a lower daily wage. Many of them are idle three, five, six, or more months out of the year, for the industry has been a seasonal one. However, if contractors could forecast their needs over a considerable period of time it might be possible for them to hire men on an annual or on a monthly basis. In this way time which is now idle might be utilized and the labor cost per house decreased. Admittedly it is a difficult problem because of the uncertain demand for housing and because the industry is governed to such a great extent by weather conditions, but many people feel that it should be attacked.

Another method of reducing labor costs is being tried through prefabrication. A

number of companies are experimenting with or are actually producing so-called factory-made houses. These are constructed in sections—using steel, plywood panels, ordinary wood and other materials—in the factory and quickly assembled on the site. Some housing experts think that the answer to the low-cost house must be found in the factory, where as much hand labor as possible can be eliminated. The prefabricated house, however, has not yet found wide acceptance among the buying public.

Financing

While it is recognized that savings in housing costs might be made in the labor and material fields, there are authorities who hold that the most important saving can be made in financing. According to one witness before the congressional committee, a 20 per cent reduction in material costs would save the home buyer only 9.3 per cent in monthly charges and a similar cut in labor costs would result in a saving of only 4.67 per cent. However, a 20 per cent decrease in interest and amortization payments would bring a 16.69 per cent saving. According to this estimate the financing of houses on more liberal terms than at present would bring many new buyers into the market.

In the hearings before the committee the words "20 per cent reduction" came up again and again. It was obvious that committee members were thinking that at least this much of a reduction in housing costs would be necessary before the building boom which the nation needs so greatly could get under way.

Action to bring this about may be undertaken on several fronts. The Department of Justice has already launched an investigation of its own into monopolistic practices in the housing field. It is an investigation which extends to builders, material producers, and labor unions. A "trustbusting" campaign in housing is promised in order to restore greater competition and lower prices to the industry.

In addition, the government may launch a drive for lower interest rates. Senator Robert F. Wagner of New York, leading housing authority in the Senate, is reported of the opinion that credit should be made available to home builders at two or three per cent interest. It may not be possible to lower rates to such an extent but the suggestion is an indication of the trend of thought among housing experts.

Certainly if the industry could be placed upon a more prosperous basis additional employment would be provided for a large number of people. Dr. Lubin has estimated that the production of 100,000 new houses, at \$3,000 to \$4,000 apiece, would give work to 82,000 men on the site for a whole year, and a year's work to 122,000 turning out the necessary materials. This total of 204,000 could be pushed up to 250,000 or more if the work were spread out at the rate of a 40-hour week for 40 weeks a year per individual worker.

We need at least 125,000 additional low-cost houses per year to bring our total production up to the minimum of 525,000 necessary to check the decline in national housing standards.



CAN'T THEY BRING IT DOWN TO EARTH?
MADE IN ST. LOUIS POST-DISPATCH

by 1933 housebuilding had dropped to 54,000, and then began a gradual climb which reached 347,000 last year. This year, 1939, is expected to produce between 400,000 and 425,000 dwelling units, including 30 to 50 thousand which will be provided through government funds.

These are cold figures when read in rapid succession. It must not be forgotten that they are to be thought of in terms of human beings. They mean that during the last decade thousands upon thousands of families have been having greater difficulty in providing themselves with a decent shelter over their heads. Not enough new houses have been built to take care of the increase in new families and to replace buildings which had to be demolished.

It is estimated that we need a minimum of 525,000 new dwelling units a year if we are to take care of our bare housing needs. This will provide for the increase in families and for certain replacements, and it will make it possible to begin doing away with the 4,000,000 or more unfit houses which are a blight on towns and cities. This should be done over the next 10 years to keep the nation abreast of its needs. And even at that rate it will result in no more than a slight annual increase in the nation's housing standards.

But in order to accomplish this it is necessary to go to the root of the housing problem. The fact is that most of the houses which have been built were designed for families in the higher-income groups. Charts presented to the TNEC showed that over half of all urban families in the United States have an annual income of \$1,500 or less, and three-fourths of all

Smiles

Dad: "Well, what kind of grades did you make in your finals?"

Son: "All right in everything but one study, and in that I'm like Washington, Jefferson, and Lincoln."

Dad: "Well, how's that?"

Son: "I went down in history."

—CAPPER'S WEEKLY

Doctor: "Congratulations, Governor, you're the father of triplets."

Politician (automatically): "I demand a recount!"

—BORED WALK

A western drugstore bandit asks for headache tablets before each holdup. The mere request for drugs in a drugstore should arouse a pharmacist's suspicions.

—NORTH WIND

A top bridge player in his Canadian community is a hockey star in the winter months. Such a man must live in his shin guards.

—CLIPPED

The automobile was a thing unheard of to a mountaineer in an unfrequented community, and he was astounded one day when he saw one go by without any visible means of locomotion. His eyes bulged, however, when a motorcycle followed and disappeared like a flash around a bend in the road.

"Great guns!" he said, turning to his son. "Who'd 'a' s'posed that thing had a colt."

—LABOR

"Maggie," said Angus to his wife, "here's a ticket for tonight's conjuring show, and when he comes to that part where he takes a teaspoonful of flour and one egg, and makes 20 omelets, watch verra close."

—WALL STREET JOURNAL



"OH HORACE—MY DAHLIAS!"
SPAAR IN SATURDAY EVENING POST